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DDA 86-1289  
25 July 1986

MEMORANDUM FOR: Executive Director  
Deputy Director for Intelligence  
Deputy Director for Operations  
Deputy Director for Science and Technology  
Director of Personnel

FROM: William F. Donnelly  
Deputy Director for Administration

SUBJECT: SSCI Hearing - 23 July 1986

REFERENCE: Multi-Addressee Memo fm DCI, dtd 23 July 1986, Same Subject

1. At the SSCI Hearing on 23 July, in addition to the oral statement made by the DCI, a copy of which was forwarded to you by reference, the attached DCI statement for the record was presented to the SSCI. On page 6 of this document under the title "Future Directions" are action items which we will endeavor to accomplish during the next two years.

2. I suggest this document be read along with the oral statement circulated with the reference.

William F. Donnelly

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Attachment:  
As stated

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S E C R E T

DCI STATEMENT FOR THE RECORD

SENATE SELECT COMMITTEE ON INTELLIGENCE

23 JULY 1986

CIA PERSONNEL MANAGEMENT

AS I LOOK AT PERSONNEL AT CIA, I FIND A YOUNG, VIGOROUS AND TALENTED WORK FORCE PLEASED BY CUSTOMER RESPECT FOR THEIR PRODUCT AND CHALLENGED DAILY TO ACCOMPLISH TASKS PREVIOUSLY THOUGHT IMPOSSIBLE. MORALE IS HIGH. AS A SNAPSHOT IN TIME, I WOULD SAY THE ORGANIZATION IS IN A VERY HEALTHY STATE.

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DESPITE ALL OF THIS, IT HAS BEEN A PARTICULAR CONCERN OF MINE, AS THE CIA NEARS ITS FOURTH DECADE, TO AVOID THE SORT OF ORGANIZATIONAL MIDDLE AGE WHICH COMES TO MOST INSTITUTIONS, A KIND OF BUREAUCRATIC HARDENING OF THE ARTERIES CHARACTERIZED BY THE GROWTH OF RED TAPE AND OVERREGULATION AND BY A LOSS OF CREATIVITY AND INITIATIVE.

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OVER THE PAST COUPLE OF YEARS, WE HAVE PAID INCREASING ATTENTION TO OUR PERSONNEL SYSTEMS TO ENSURE THAT WE WERE CREATING AN ENVIRONMENT WHICH CONTINUED TO ENCOURAGE OUR EMPLOYEES TO WORK TO THEIR FULLEST POTENTIAL AND CAPACITY AND WHICH PERPETUATED THE SENSE OF COMMITMENT AND DEDICATION WHICH LONG HAS BEEN A HALLMARK OF CIA'S CORPORATE CULTURE. WE CUT THROUGH SOME OF THE RED TAPE WHICH HAD DEVELOPED AND TOOK STEPS TO REMOVE CERTAIN OF THE IRRITANTS AND IMPEDIMENTS WHICH HAD CREPT INTO OUR SYSTEM. THIS PROCESS OF SCRAPING THE BARNACLES OFF OUR CURRENT PERSONNEL SYSTEM IS CONTINUING BUT IT IS MY BELIEF THAT MORE FUNDAMENTAL CHANGES NEED TO BE CONSIDERED.

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S E C R E T

INDEED, I WOULD SUBMIT HERE TODAY THAT WHAT WE NEED IS AN INTELLIGENCE PERSONNEL STRATEGY TO ENSURE THAT WE CAN CONTINUE TO HAVE AND RETAIN THE BEST INTELLIGENCE CADRE INTO THE 21ST CENTURY. AS I MENTIONED IN THE NATIONAL FOREIGN INTELLIGENCE STRATEGY PRESENTED TO YOU IN FEBRUARY OF THIS YEAR, WE MUST CONSTANTLY STRIVE TO ENHANCE THE QUALITY AND MOTIVATION OF OUR WORK FORCE. WE HAVE IMPLEMENTED THE MOST IMPRESSIVE ARRAY OF TECHNICAL CAPABILITIES IN THE WORLD. BUT, TO GET WHAT WE SHOULD OUT OF THEM, WE COUNT ON PEOPLE WHO CONCEIVE THEM, INTERPRET AND USE THEIR PRODUCTS, AND PROVIDE SUPPORT TO THE ENTIRE INTELLIGENCE PROCESS. THE EFFECT OF CHANGES IN FEDERAL PERSONNEL POLICIES ON OUR ABILITY TO RETAIN TALENTED AND PROMISING CAREERISTS MUST BE CAREFULLY MONITORED AND NEW FORMULATIONS FOUND TO PREVENT THE APPEAL OF AN INTELLIGENCE CAREER FROM DETERIORATING.

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AT CIA, I ALREADY HAVE A TASK FORCE HARD AT WORK ON THIS ISSUE AND I AM AWARE OF OTHER INITIATIVES WITHIN THE COMMUNITY. IT IS, THEREFORE, A GREAT PLEASURE FOR ME TO BE HERE TODAY TO SHARE WITH YOU OUR VISION OF THE FUTURE AS YOU BEGIN TO STUDY PERSONNEL ISSUES IN THE INTELLIGENCE COMMUNITY. I AM CONFIDENT THAT AS A RESULT OF OUR JOINT AND COOPERATIVE EFFORTS WE WILL DEVELOP THE PROGRAMS AND STRATEGIES WHICH WILL KEEP OUR INTELLIGENCE PROFESSION AT THE CUTTING EDGE IN THE COLLECTION AND ANALYSIS OF INFORMATION NEEDED TO INFORM THE POLICY PROCESS AND PROTECT OUR NATIONAL SECURITY.

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I WANT TO TAKE A FEW MOMENTS TO SET FORTH CERTAIN GUIDING PRINCIPLES, TO TRACE THE CONSERVATIVE EXERCISE OF OUR SPECIAL AUTHORITIES, TO IDENTIFY CERTAIN INITIAL STEPS WE HAVE TAKEN TO USE THESE AUTHORITIES IN NEW AND CREATIVE WAYS AND FINALLY TO EXPLORE WITH YOU THE DIRECTION IN WHICH I FEEL WE MUST HEAD.

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GUIDING PRINCIPLES:

EVERY SUCCESSFUL ORGANIZATION HAS A BELIEF SYSTEM, A CULTURE WHICH  
DEFINES ITS PLACE IN THE UNIVERSE AND WHICH ENCOURAGES PEOPLE TO WANT TO  
BECOME AND REMAIN A PART OF THAT ORGANIZATION. I AM SURE, FOR EXAMPLE, THAT  
YOU HAVE SEEN OUR CREDO BUT I THINK YOU CAN BOIL DOWN OUR BELIEF SYSTEM TO  
THREE CLUSTERS OF IDEAS.

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FIRST, OUR PEOPLE BELIEVE WE ARE THE BEST INTELLIGENCE ORGANIZATION IN THE  
WORLD. WE ARE APOLITICAL BUT WE ARE POLICY RELEVANT.

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SECOND, AS AN INSTITUTION, WE BELIEVE THAT PEOPLE ARE OUR MOST IMPORTANT  
RESOURCE. WE ARE A FAMILY AND WE TAKE CARE OF OUR PEOPLE. WE ARE A  
MERITOCRACY AND WE BELIEVE THAT THE INDIVIDUAL EMPLOYEE MAKES A DIFFERENCE, SO  
WE VALUE THE VIRTUOSO PERFORMER AND WE REWARD THOSE WHO PRODUCE.

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AND THIRD, WE ARE A CAN-DO ORGANIZATION. WE ACCOMPLISH THE MISSION AND  
MEET THE CHALLENGE. WE ARE FORWARD LEANING, FLEXIBLE AND LESS BUREAUCRATIC.



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WE MUST PERPETUATE THIS CULTURE. OUR HUMAN RESOURCE MANAGEMENT SYSTEM,  
THEREFORE, MUST SAFEGUARD THESE CENTRAL BELIEFS YET BE SUFFICIENTLY FLEXIBLE  
TO MEET THE CHALLENGES OF THE DECADES AHEAD. LET ME TOUCH UPON A FEW OF THESE  
CHALLENGES:

- ° THE AGENCY MISSION HAS EXPANDED. THE INTELLIGENCE ISSUES WE DEAL WITH  
ARE DIFFERENT FROM, AND FAR MORE COMPLEX THAN, THOSE WE HAVE TACKLED  
IN THE PAST. THE NUMBER OF OUR CONSUMERS LIKEWISE HAS GROWN. WE NOW  
MUST SERVE SUCH ELEMENTS OF THE GOVERNMENT AS THE DEPARTMENTS OF

ENERGY, TREASURY, AND COMMERCE; NASA, THE ARMS CONTROL NEGOTIATORS, THE SPECIAL TRADE REPRESENTATIVES, YOUR OWN JOINT ECONOMIC COMMITTEE AND SO FORTH.

- ° TO ACCOMPLISH OUR TASK WE REQUIRE TEAMS OF EXPERTS FROM A VARIETY OF ANALYTICAL AND COLLECTION FIELDS, EACH CONTRIBUTING SPECIAL SKILLS AND KNOWLEDGE. WE ALREADY FACE KEEN COMPETITION FOR THESE HIGHLY SKILLED, EDUCATED AND TALENTED PEOPLE AND FIND IT DIFFICULT TO OBTAIN THE ETHNIC AND LINGUISTIC MIX WHICH IS ESSENTIAL TO OUR BUSINESS.
- ° LOOKING TO THE FUTURE, WE ARE TOLD THAT THE BABY-BOOM GENERATION ALREADY HAS ENTERED THE LABOR MARKET AND THE GROUP BEHIND THEM IS MUCH SMALLER IN SIZE, SO THE COMPETITION FOR TALENT IN THIS EMERGING WORK FORCE IS GOING TO INCREASE FURTHER.
- ° WE INCREASINGLY FIND THAT OUR PEOPLE, ONCE ON BOARD AND POSSESSING SPECIALIZED CLEARANCES AND ACCESS, ARE HIGHLY ATTRACTED TO THE PRIVATE SECTOR; PARTICULARLY THOSE WHO HAVE TECHNICAL OR REGIONAL SKILLS OR OVERSEAS EXPERIENCE.
- ° DUAL-CAREER COUPLES AND SINGLE-PARENT FAMILIES WILL BE THE NORM, MAKING THE MOBILITY REQUIRED FOR MANY CIA OCCUPATIONS DIFFICULT. IN ADDITION, TERRORIST ACTIONS OVERSEAS HAVE CLEARLY LOWERED INTEREST IN WORKING ABROAD, MUCH LESS IN JEOPARDIZING FAMILIES FURTHER BY WORKING FOR AN INTELLIGENCE ORGANIZATION.
- ° THE AMERICAN EDUCATION SYSTEM IN THE LAST TWO DECADES HAS DONE AN EXCELLENT JOB OF PRODUCING HIGHLY EDUCATED, TECHNOLOGICALLY COMPETENT GRADUATES, BUT HAS GIVEN FAR LESS EMPHASIS TO LANGUAGES, INTERNATIONAL RELATIONS AND POLITICS, AREAS IN WHICH WE EARN OUR BREAD AND BUTTER.

(A TEST OF THIS TREND WOULD BE FOR YOU TO ASK SOME OF YOUR CHILDREN A BASIC GEOGRAPHY QUESTION.)

- ° AND IF THIS WERE NOT ENOUGH, THE TECHNOLOGY IS CHANGING SO RAPIDLY IN SO MANY FIELDS THAT GRADUATES SIX - EIGHT YEARS OUT OF SCHOOL MAY NEED TO BE RETRAINED TO STAY AT THE CUTTING EDGE IN THEIR DISCIPLINES.

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ALL OF THIS IS OCCURRING IN AN ENVIRONMENT IN WHICH FEDERAL EMPLOYMENT IS INFREQUENTLY PORTRAYED AS PARTICULARLY WORTHY OR HIGHLY VALUED, AND THE LOW ESTEEM IN WHICH CIVIL SERVANTS ARE HELD IS NOT SIMPLY A MATTER OF RHETORIC. THERE IS THE EVEN HARSHER REALITY OF A STAGNATING AND EVEN DECLINING SALARY AND BENEFIT STRUCTURE FOR FEDERAL WORKERS.

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HISTORIC USE OF DCI AUTHORITIES:

AT CIA, RIGHT FROM THE BEGINNING, THE DCI HAD THE AUTHORITIES TO CREATE A PERSONNEL SYSTEM TO ENABLE HIM TO MEET THE UNIQUE DEMANDS OF THE INTELLIGENCE PROFESSION. BUT AS YOU KNOW, FOR MOST OF OUR HISTORY, WE FELT WE COULD ACCOMPLISH OUR MISSION AND MOTIVATE OUR PEOPLE WITHIN THE BROAD CONTOURS OF THE OVERALL GOVERNMENT PERSONNEL STRUCTURE. AND SO, AS A MATTER OF CHOICE WE BASICALLY FOLLOWED TITLE 5 RULES ON PAY, LEAVE, OVERTIME, STEP INCREASES, AND INCENTIVE AWARDS. INDEED, WE ADOPTED THE GENERAL SCHEDULE (GS) PAY SCALE AND GS GRADE STRUCTURE.

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MORE RECENTLY, WE RECOGNIZED THAT CERTAIN CHANGES WERE REQUIRED AND WE INVOKED OUR SPECIAL AUTHORITIES TO IMPROVE OUR HUMAN RESOURCE MANAGEMENT. WE HAVE IMPLEMENTED:

- ° SPECIAL AGENCY-SPECIFIC PAY SCHEDULES FOR SCIENTISTS, ADP PROFESSIONALS, ENGINEERS, AND MEDICAL OFFICERS:
- ° A PAY BANDING EXPERIMENT IN OUR OFFICE OF COMMUNICATIONS;
- ° A NEW SECRETARIAL CAREER AND PAY SYSTEM WITH FOUR BROAD PAY LEVELS, MODIFIED PAY FOR PERFORMANCE, JOB ENRICHMENT AND SIGNIFICANTLY INCREASED TRAINING;
- ° NON SUPERVISORY SPECIALIST TRACKS FOR A LIMITED NUMBER OF PROFESSIONS AND POSITIONS;
- ° OVERSEAS PAY THAT IS 9.6% HIGHER THAN DOMESTIC; AND
- ° AN EMPLOYEE SPOUSE PROGRAM FACILITATING JOINT ASSIGNMENTS AS WELL AS GUARANTEEING REEMPLOYMENT AT CURRENT GRADE ON RETURN TO DUTY WHEN JOINT ASSIGNMENTS CANNOT BE ARRANGED.

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WHILE THESE INITIATIVES ARE BENEFICIAL MOVES IN THE RIGHT DIRECTION, THEY ARE ONLY BAND AIDS. THEIR CUMULATIVE EFFECT IS NOT SUFFICIENT TO MEET THE CHALLENGES OF THE FUTURE.

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FUTURE DIRECTIONS:

OVER THE NEXT COUPLE OF YEARS WE WILL UNDERTAKE A NUMBER OF SIGNIFICANT INITIATIVES TO IMPROVE OUR PERSONNEL SYSTEM. I PROPOSE TO:

1. REPLACE THE CURRENT AND RATHER INFLEXIBLE GS SYSTEM.
2. RETHINK THE CURRENT SET OF INCENTIVES, ALLOWANCES, AND OTHER BENEFITS SO THAT WE HAVE AVAILABLE A MORE FLEXIBLE, "CAFETERIA-STYLE" COMPENSATION PACKAGE, WHICH TAKES INTO ACCOUNT THE NEEDS OF OUR EMPLOYEES AT DIFFERENT STAGES OF THEIR LIVES AND CAREERS.

3. REDESIGN A CAREER DEVELOPMENT PROGRAM TO CLEARLY ALLOW FOR SPECIALIST AND MANAGEMENT TRACKS.

- ° WE NEED TO ENCOURAGE TECHNICAL AND SUBSTANTIVE EXPERTS WHO DON'T GO INTO MANAGEMENT TO STAY WITH CIA.
- ° WE ALSO NEED TO DEVELOP A NEW GENERATION OF MIDDLE AND SENIOR MANAGERS WHOSE BREADTH OF EXPERIENCE AND VISION WILL ALLOW US TO CAPITALIZE ON NEW INTELLIGENCE OPPORTUNITIES, EXPLOIT EMERGING TECHNOLOGIES, AND BRING TO BEAR GREATER INTERDISCIPLINARY SYNERGISM ON THE MORE COMPLEX COLLECTION AND ANALYTICAL PROBLEMS WE WILL FACE.

4. REVITALIZE OUR TRAINING PROGRAM, TIEING IT TO OUR COMPENSATION SYSTEM, NOT ONLY TO MAINTAIN EXISTING SKILL LEVELS IN A RAPIDLY CHANGING TECHNOLOGICAL ENVIRONMENT BUT ALSO TO GIVE EFFECT TO OUR PERSONNEL PLANNING, WHICH INCREASINGLY WILL MEAN THE ANALYSIS OF OUR CURRENT SKILLS MIX IN THE CONTEXT OF FUTURE NEEDS AND THEN RETRAINING OUR EMPLOYEES.

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LET ME EXPAND ON EACH OF THESE POINTS:

ALTERNATIVE PAY SYSTEMS:

WHILE SALARY AND BENEFITS PACKAGES ALONE WILL NOT ENSURE OUR ATTRACTING HIGHLY MOTIVATED AND PROFESSIONALLY ABLE PARTICIPANTS, THEY WILL, COUPLED WITH A CHALLENGING WORK ENVIRONMENT FORM THE UNDERPINNINGS OF OUR RECRUITMENT EFFORTS. WE MUST BE COMPETITIVE WITHIN THE MARKETPLACE. TO THIS END, I PROPOSE TO ESTABLISH AN AGENCY UNIQUE PAY AND ALLOWANCE STRUCTURE WHICH WILL BE SECOND TO NONE IN THE U.S. GOVERNMENT. THIS SYSTEM WILL EXPAND UPON THOSE



INNOVATIVE COMPENSATION PLANS CURRENTLY ENFORCE WITHIN THE AGENCY'S OFFICE OF COMMUNICATIONS AND ITS SECRETARIAL FIELD. (SEE SINGLE PAGE ATTACHMENT.) I BELIEVE THIS WILL ALLOW THE AGENCY TO PROVIDE THE COMPENSATION PACKAGE NECESSARY TO RECRUIT AND RETAIN THOSE CRITICAL SKILLS WE REQUIRE WITHIN OUR MULTI-DIMENSIONAL WORKFORCE.

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IN ADDITION TO PROVIDING PROPER COMPENSATION, I INTEND TO RESHAPE THE ENTIRE RECRUITMENT PROCESS TO MAKE IT MORE RESPONSIVE TO OUR EVER CHANGING ENVIRONMENT. I SPECIFICALLY PLAN TO MODEL THIS PROCESS THROUGH THE OFFICES OF PERSONNEL, SECURITY, MEDICAL SERVICES, AND TRAINING TO IMPROVE ITS FLEXIBILITY, PRODUCTIVITY, AND ACCOUNTABILITY TO MANAGEMENT. WE WILL REDUCE THE CURRENTLY LENGTHY PROCESSING TIME WITHOUT SACRIFICING OUR ESTABLISHED HIGH STANDARDS. FURTHER TO THIS END, I HAVE UNDERWAY A COMPLETE REVIEW OF THE APPLICANT POLYGRAPH PROCESS TO ENSURE THAT THIS CRITICAL AREA OF OUR SECURITY PERSONNEL SYSTEM IS SENSITIZED TO THE APPLICANT POOL AVAILABLE FOR THE 1990s.

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FLEXIBLE BENEFITS AND ALLOWANCES:

AS I LOOK TO THE FUTURE, I SEE A NEED TO BUILD IN GREATER FLEXIBILITY TO HIRE THE DIFFERENT TYPES OF PEOPLE WE WILL NEED. FOR EXAMPLE, THERE IS A PLACE IN OUR ORGANIZATION FOR THE ACCOMPLISHED INDIVIDUAL COMING TO US IN MID-LIFE AFTER A SUCCESSFUL FIRST CAREER. NATURALLY, THE BENEFITS PACKAGE WE NEED TO OFFER SUCH AN INDIVIDUAL IS GOING TO BE VERY DIFFERENT FROM THAT WHICH WE WOULD WANT TO OFFER A NEW EMPLOYEE FRESH OUT OF COLLEGE. AND EVEN LOOKING

AT OUR PRESENT WORK FORCE, I WOULD SUGGEST THAT OUR EMPLOYEES, THE MAJORITY OF WHOM ARE UNDER 40 YEARS OF AGE, WITH FEWER DEPENDENTS AND AN INCREASED LIFE EXPECTANCY COMPARED TO THEIR PREDECESSORS, HAVE DIFFERENT NEEDS AND DESIRE DIFFERENT BENEFITS THAN DID THEIR PARENT'S GENERATION. EVEN WORKING WITHIN A CLEAR BUDGETARY BOTTOM-LINE, WE OUGHT TO BE ABLE TO CHANGE THE MIX OF LEAVE, INSURANCE, AND OTHER ELEMENTS WITHIN THE TOTAL COMPENSATION PACKAGE TO TAKE INTO ACCOUNT THE CHANGING NEEDS OF OUR EMPLOYEES FROM GENERATION TO GENERATION, AND EVEN DURING THE COURSE OF A CAREER.

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DUAL CAREER TRACKS :

MY EMPHASIS ON SPECIALIST AND MANAGEMENT TRACKS DERIVES FROM THE FACT THAT OVER THE YEARS OUR STRENGTH AS AN AGENCY HAS BEEN A DIRECT RESULT OF OUR ABILITY TO DEVELOP AND RETAIN A LARGE CORPS OF EXPERTS WHO STAY WITH US ON A CAREER BASIS.

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WE WILL CONTINUE TO USE INDEPENDENT CONTRACTORS AND CONTRACTOR FIRMS TO ASSIST US IN VARIOUS OF OUR FUNCTIONS, BUT THEY ARE NO SUBSTITUTE FOR A CAREER WORK FORCE WHICH POSSESSES AN INSTITUTIONAL MEMORY, A BROAD BASE OF EXPERIENCE AND A HIGH DEGREE OF SUBSTANTIVE DEPTH.

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MANAGING SPECIALISTS IS SOMEWHAT OF AN ART BECAUSE, PARTICULARLY IN THESE CHANGING TIMES, TOO MANY NARROWLY FOCUSED, OVERSPECIALIZED PEOPLE ARE AS MUCH A PROBLEM AS TOO MANY GENERALISTS. WE FOUND THAT WE COULD NOT AFFORD VERY MANY PEOPLE WHO WOULD SPEND THEIR ENTIRE CAREER ON SOME BACKWATER, BUT WE ALSO ESCHEWED THE STAFFING APPROACH OF SOME ORGANIZATIONS WHICH MOVE PEOPLE FROM SPECIALTY TO SPECIALTY EVERY COUPLE OF YEARS, THUS TRADING DEPTH OF EXPERTISE

FOR BREADTH OF EXPERIENCE. INSTEAD, WE HAVE DEVELOPED OUR PEOPLE WITHIN A NUMBER OF SPECIALIST CONES, BROAD ENOUGH, FOR EXAMPLE, TO PRODUCE CASE OFFICERS AND ANALYSTS ABLE TO GO WHERE THEY WERE NEEDED BUT TRULY EXPERTS IN THEIR TRADE.

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ONE OF OUR PROBLEMS HAS BEEN THAT TRADITIONAL CAREER PATTERNS HAVE FORCED SUBSTANTIVE EXPERTS TO BECOME MANAGERS. SOMETIMES WE TURN SUPERB SPECIALISTS INTO MODERATELY TALENTED MANAGERS. OTHERS, UNWILLING OR UNQUALIFIED TO BECOME MANAGERS, BECOME UNDERSTANDABLY FRUSTRATED AND SOME LEAVE THE AGENCY TO WORK AT ENHANCED PAY IN THE PRIVATE SECTOR. SOME EVEN COME BACK AS CONTRACTOR EMPLOYEES TO WORK ON AGENCY PROJECTS. THIS SITUATION IS TROUBLESOME, ESPECIALLY WHEN WE CONSIDER THAT OUR LONG-TERM EXPERIENCE BASE HAS BEEN GRADUALLY BUT STEADILY SHRINKING. IN 1976, 14% OF OUR PEOPLE HAD LESS THAN THREE YEARS OF CIA EXPERIENCE, BY 1981 THIS NUMBER HAD RISEN TO 16% AND BY THE BEGINNING OF FY 86, 23% OF OUR EMPLOYEES HAD LESS THAN THREE YEARS WITH THE AGENCY. TO SOME EXTENT THIS REFLECTS THE RAPID GROWTH IN CIA, PARTICULARLY IN THE 1981-1986 TIMEFRAME, WHEN AGENCY PERSONNEL GREW 21%. HOWEVER, THE GROWING COMPETITION FOR SPECIALISTS IN CERTAIN FIELDS MAY EXACERBATE THIS TREND UNLESS WE ARE BETTER ABLE TO REWARD THOSE WHO DO NOT GO INTO MANAGEMENT.

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NO LESS IMPORTANT, PARTICULARLY IN A TIME OF RESOURCE CONSTRAINTS, IS OUR NEED TO IDENTIFY AND DEVELOP A SKILLED MANAGEMENT CADRE. MANAGERS MUST CREATE ENVIRONMENTS THAT DEVELOP LOYALTY AND MOTIVATE EMPLOYEES TO PERFORM AT THEIR HIGHEST POTENTIAL. IN ADDITION, OUR MANAGERS MUST BE CAPABLE OF INTEGRATING HUMAN RESOURCE PLANNING WITH PROGRAM PLANNING AND DEALING WITH THE GROWING COMPLEXITIES OF INTEGRATING THE RESOURCE REQUIREMENTS OF MULTIFACETED COLLECTION, PROCESSING AND ANALYTIC ACTIVITIES. WE ALSO KNOW THAT THE

MANAGEMENT FUNCTION IS GOING TO BE VITALLY IMPORTANT IN IDENTIFYING PERSONNEL REQUIREMENTS FOR THE FUTURE AND IN PLANNING TRAINING AND ASSIGNMENTS TO ENSURE EFFECTIVE CAREER DEVELOPMENT AND SUCCESSION PLANNING.

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EARLY IDENTIFICATION OF OUR MANAGEMENT CADRE COMBINED WITH A SIGNIFICANT EXPERIENTIAL ASSIGNMENT PROCESS WILL SERVE TO ENHANCE MANAGEMENT AND PLANNING CAPABILITIES; AND, WITH A SUFFICIENT CADRE OF EXPERIENCED MANAGERS, WE WILL BE ABLE TO KEEP SUBSTANTIVE EXPERTS WHERE THEY CAN MAKE THEIR MAXIMUM CONTRIBUTION TO THE ORGANIZATION.

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TRAINING:

FINALLY, WE NEED TO FOCUS ON TRAINING, BECAUSE NO MATTER HOW GOOD OUR PERSONNEL PLANNING, THE PEOPLE WE HIRE IN THE 1980'S ARE UNLIKELY TO HAVE THE MIX OF SKILLS WE WILL NEED IN THE 1990'S. INDEED, OUR YOUNG PEOPLE ARE LEARNING WHAT MANY OF THEIR SENIORS HAVE KNOWN FOR SOME TIME--THAT THE HALF-LIFE OF ONE'S SKILLS, PARTICULARLY IN THE TECHNICAL AREA MAY BE LESS THAN SIX- EIGHT YEARS. WHAT THIS MEANS IS THAT WHETHER WE ARE TALKING ABOUT SKILLS MAINTENANCE OR RETRAINING, EDUCATION IS GOING TO BE A CONSTANT FOR OUR PROFESSIONAL WORK FORCE.

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TRAINING IS IMPORTANT FOR ANOTHER REASON. GIVEN THE MULTIDISCIPLINARY NATURE OF OUR TASKING AND THE NEED TO SHIFT OUR WORK FORCE TO ACCOMMODATE RAPIDLY CHANGING WORLD EVENTS, WE MUST DEVELOP A CADRE OF PERSONNEL WHO ARE NOT JUST FUNCTIONAL SPECIALISTS, BUT WHO ARE PRIMARILY INTELLIGENCE OFFICERS. INDEED, YOU MIGHT SAY THAT IN A PERSONNEL SENSE OUR MISSION IS TO TAKE POLITICAL SCIENTISTS, COMPUTER SCIENTISTS, AND PHYSICAL SCIENTISTS AND, TO

SOME EXTENT, CHANGE THEIR FOCUS FROM BEING, FOR EXAMPLE, A SCIENTIST WHO HAPPENS TO WORK AT CIA TO AN INTELLIGENCE OFFICER WHO HAPPENS TO BE A SCIENTIST.

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THIS IS NOT TOTALLY OUT OF THE QUESTION BECAUSE WE ARE TOLD THAT, ON AVERAGE, OVER THE COURSE OF ONE'S WORK, LIFE PEOPLE CHANGE CAREER FIELDS TWO - THREE TIMES AND CHANGE EMPLOYERS FOUR - FIVE TIMES. SINCE WE TEND TO HIRE MULTIFACETED, MULTITALENTED PEOPLE, WE CAN EXPECT OUR EMPLOYEES TO BE SUSCEPTIBLE TO SIMILAR CAREER MIGRATIONS; AND IF WE WANT TO KEEP A CAREER WORK FORCE, WE WILL NEED TO PROVIDE THEM WITH OPPORTUNITIES TO CHANGE CAREER FIELDS WITHOUT LEAVING CIA.

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AT THE CENTER OF OUR THINKING, AS WE EXPLORE THESE AND OTHER INITIATIVES, IS THE REALIZATION THAT, HOWEVER WE IMPROVE OUR SYSTEM, THE GOVERNMENT GENERALLY IS NOT GOING TO BE ABLE TO OUTBID THE PRIVATE SECTOR. MOREOVER, OUR EMPLOYEES HAVE NEVER COME TO OR STAYED WITH CIA SOLELY BECAUSE OF PAY AND BENEFITS. IT IS THE IMPORTANT AND EXCITING MISSION WHICH ATTRACTS THEM. IT IS THE SENSE OF ACCOMPLISHMENT AND RESPONSIBILITY WHICH KEEPS THEM HERE.

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EVERYTHING I HAVE TALKED ABOUT RELATES TO OUR ABILITY TO MAINTAIN A HIGH LEVEL OF JOB SATISFACTION, AND THAT MEANS GIVING OUR EMPLOYEES THE TRAINING AND TOOLS THEY NEED TO DO THE JOB AND MAKING THEM FEEL THAT THEY ARE SPECIAL. WE CONSTANTLY SEEM TO BE RATCHETING UP THE EDUCATIONAL AND SKILL REQUIREMENTS AND INCREASING THE LIFESTYLE AND SECURITY CONSTRAINTS, YET THE CONTINUED DEDICATION AND ENTHUSIASM OF OUR PEOPLE CAN BE SEEN IN A CULTURE WHICH FORFEITS OVER 100,000 HOURS OF ANNUAL LEAVE EACH YEAR AND AN OFFICER CORPS WHICH ROUTINELY FAILS TO PUT IN FOR OVERTIME FOR DOING THE JOB.

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THIS IS NOT SOMETHING WHICH CAN BE SUSTAINED BY EFFORTS TO HOMOGENIZE THE

CIA INTO THE REST OF THE GOVERNMENT OR EVEN TO MAKE CIA LOOK EXACTLY LIKE THE OTHER COMMUNITY AGENCIES. I BELIEVE THAT EACH AGENCY SHOULD HAVE THE AUTHORITIES IT REQUIRES TO BUILD AND MAINTAIN A SYSTEM WHICH WILL BE ATTRACTIVE TO ITS CAREER CADRE AND WHICH WILL ENSURE THE HIGH QUALITY STAFF WHICH IS EXPECTED IN OUR BUSINESS. BUT IT WOULD BE A MISTAKE TO ERASE THE FUNDAMENTAL DIFFERENCES IN CULTURE AND AMBIENCE. WHILE EACH OF US WITHIN THE INTELLIGENCE COMMUNITY WILL BE LEARNING FROM EACH OTHER, THE DIFFERENT PERSONNEL EXPERIMENTS AND DEMONSTRATION PROJECTS IN OUR RESPECTIVE AGENCIES REPRESENT HEALTHY EFFORTS TO BUILD TOWARD THE FUTURE WHILE PRESERVING OUR ESSENTIAL CULTURES.

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NO REVIEW OF THE AGENCY'S PERSONNEL SYSTEM WOULD BE COMPLETE WITHOUT SETTING IN PLACE MECHANISMS TO ASSIST THOSE EMPLOYEES WHO MAY FIND THEMSELVES LIVING "ON THE MARGIN." THIS IS A SENSITIVE TOPIC AND ONE WHICH CONCERNS ALL MANAGERS BUT IS MUCH MORE SOBERING IN A NATIONAL SECURITY ENVIRONMENT. I PLAN TO INTRODUCE SHORTLY A SERIES OF INITIATIVES, UNOBTRUSIVELY AND COMPASSIONATE IN OUTLOOK, WHICH WILL IDENTIFY AND ASSIST THOSE EMPLOYEES WHO MAY FIND THEMSELVES IN DIFFICULTY.

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FROM MY PERSPECTIVE, THEREFORE, YOUR SURVEY OF OUR PERSONNEL NEEDS COULD NOT BE MORE TIMELY, AND WE WILL WANT TO WORK CLOSELY TOGETHER TO SEE HOW WE MIGHT USE OUR EXISTING AUTHORITIES, AND OBTAIN ANY ADDITIONAL AUTHORITIES WHICH MIGHT BE REQUIRED, TO IMPROVE OUR HUMAN RESOURCE MANAGEMENT SYSTEM SO THAT WE CAN CONTINUE TO PROVIDE OUR COUNTRY WITH THE BEST INTELLIGENCE PROFESSIONALS IN THE WORLD.

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ATTACHMENT

## S E C R E T

ATTACHMENT

In the past two years the Agency has undertaken two significant experiments in alternative pay systems.

The first is our Office of Communications and applies to the telecommunications officers and electronic technicians who support our world-wide intelligence collection and reporting system. This was an occupation troubled by low morale and attrition. The new program, which established a new pay system outside the General Schedule and which allows the individual manager to reward excellence through pay increases or cash bonuses, has dramatically improved morale in the office and has resulted in lower attrition. From the employee's perspective, there is the knowledge that one will be monetarily recognized for performance even if at the top end of the pay level. From management's perspective, the system places accountability at the supervisory level for pay decisions. This is not a give-away program, but rather an effort to enable managers to use their financial resources more efficiently. Each manager knows the limit of his payroll funds, and is required to divide the pie up so that the most deserving receive the largest rewards. The imposition of the budgetary constraints on the program has also allowed us to establish a greatly simplified position classification structure. We now have half a dozen generic position descriptions instead of hundreds. As a result, we have greatly reduced the time involved in reviewing individual jobs. Finally, management can now make assignments anywhere in the world based on the requirements of the operational situation without having to waste unnecessary time in bureaucratic adjustments to the position structure.

The secretarial experiment is somewhat different from the Office of Communications experiment, though the objectives are similar. This program is a bold new experiment in job design. There was unacceptable attrition out of the career track either by leaving the Agency or transferring to another track. Secretaries in the Agency had bleak career prospects. The old system, based on the General Schedule, simply did not allow them to develop their skills, gain job satisfaction, and receive appropriate financial recognition. Our secretaries are critical to the accomplishment of the mission. Because of their access to the most sensitive information, we want to keep them in the occupation and the Agency as long as possible. The new secretarial pay system is intended to completely restructure the nature of secretarial work in the Agency by looking at individual jobs to increase the level of responsibility and allow upward mobility within the occupation. Over the next four years, individual managers will work with their secretaries to redesign and expand their jobs, and provide them training to reach higher levels of performance. An ancillary benefit is that as secretarial duties expand, officers will have more time to put to their main assignments. Again, as with the Office of Communications program, the secretarial program focuses on performance. Through the use of annual employee evaluations and a cash performance award system, the best can expect to receive the most.

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S E C R E T